STATUTORY INSTRUMENTS

2010 No. 1894

CHILD TRUST FUNDS

The Child Trust Funds (Amendment No. 3) Regulations 2010

Made - - - - 22nd July 2010

Coming into force in accordance with regulation 1

A draft of this instrument has been laid before Parliament in accordance with section 28(5) of the Child Trust Funds Act 2004(***a***) and approved by a resolution of each House of Parliament.

Accordingly, the Treasury make the following Regulations in exercise of the powers conferred by sections 8(1), 9(2), 10 and 28(1) to (3) of the Child Trust Funds Act 2004:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Child Trust Funds (Amendment No. 3) Regulations 2010.

(2) These Regulations, other than regulation 3, shall come into force—

(a) on 1st August 2010; or

(b) if later, on the day following the day on which these Regulations are made.

(3) Regulation 3 shall come into force—

(a) on 2nd August 2010; or

(b) if later, on the first Monday following the day on which these Regulations are made.

(4) Regulation 3(8) has effect where the commencement date for the child (within the meaning of regulation 7(8) of the Child Trust Funds Regulations 2004(**b**), as amended by regulation 3(7) of these Regulations) is after the day on which regulation 3 of these Regulations comes into force in accordance with paragraph (3).

Amendments to the Child Trust Funds Regulations 2004

2. The Child Trust Funds Regulations 2004 are amended as follows.

3.—(1) Regulation 7 (government contributions)(**c**) is amended as follows.

(2) In paragraph (1)—

(a) for "(4)" (where it first appears) substitute "(4B)";

(b) for "(2) and (4)(a)" substitute "(2), (4)(a) and (4A)";

(c) for "(3) and (4)(b)" substitute "(3), (4)(b) and (4B)".

(**a**) 2004 c. 6.
(**b**) S.I. 2004/1450; relevantly amended by S.I. 2004/3369, 2005/383, 2009/475 and 2010/836.
(**c**) Regulation 7 was amended by S.I. 2004/3369, 2005/383 and 2009/475.

(3) In paragraph (4) for "Where" substitute "Subject to paragraphs (4A) and (4B), where".

(4) After paragraph (4) insert—

"(4A) Where a child—

(a) is first an eligible child by virtue of section 2(1)(a) of the Act, and

(b) the commencement date for the child (see paragraph (8)) is after the relevant 2010 date (see paragraph (10E)),

the amount is £50.

(4B) Where a child—

(a) is first an eligible child by virtue of section 2(1)(b) of the Act, and

(b) either—

(i) is born on or after the relevant 2010 date, or

(ii) is first in the United Kingdom (other than temporarily) on or after the relevant 2010 date, or

(iii) becomes an eligible child on or after 3 months (less one day) after the relevant 2010 date,

the amount is £100."

(5) In paragraph (7) for "Where" substitute "Subject to paragraph (7A), where".

(6) After paragraph (7) insert—

"(7A) Where the child is one to whom section 9 of the Act applies, and the commencement date for the child is after the relevant 2010 date, the amount is £50."

(7) In paragraph (8), omit sub-paragraph (b) and the word "and" which precedes it.

(8) In each of paragraphs (10) and (10A)(**a**) for "£250" substitute "£50".

(9) After paragraph (10C) insert—

"(10D) Her Majesty's Revenue and Customs must inform the account provider holding the child's account where an amount is payable to the account under paragraph (10) or (10A).

(10E) In this regulation, "the relevant 2010 date" means—

(a) 2nd August 2010; or

(b) if later, the day on which regulation 3 of the Child Trust Funds (Amendment No. 3) Regulations 2010 came into force."

4. Omit regulation 7A (age 7 payments)(**b**).

5.—(1) Regulation 7B (yearly disability payments)(**c**) is amended as follows.

(2) In paragraph (1), for "any year" substitute "the year 2009/10 or 2010/11".

(3) Omit paragraph (4).

Brooks Newmark
Michael Fabricant

22nd July 2010 — Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450 as amended) ("the principal Regulations"). The main effect of these Regulations is to amend the amount of

(**a**) Paragraphs (10A) to (10C) were inserted by S.I. 2009/475.
(**b**) Regulation 7A was inserted by S.I. 2009/475.
(**c**) Regulation 7B was inserted by S.I. 2010/836.

government contributions payable to the Child Trust Fund accounts of children following (effectively) birth, and to cease any entitlement to contributions when a child becomes age 7. The Regulations also end entitlement to a yearly contribution into Child Trust Fund accounts of disabled children, after 5th April 2011.

For ease of explanation, there are four operative dates (which if Parliamentary approval of the Regulations is not completed before Parliament's summer recess, are all postponed in parallel):

1st August 2010; when the cessation of age 7 payments takes place (children reaching age 7 on or after that date do not receive an Age 7 payment).

2nd August 2010: when the changes to amounts of birth payments come into effect, mainly for children born on or after that date. However, a period of three months, until 1st November 2010 is provided for children born before 2nd August to become eligible to a Child Trust Fund (and qualify for the earlier, higher, birth payments). Children have to be born and in the United Kingdom before 2nd August 2010 to obtain the higher government contribution. But other conditions, such as when a claim for Child Benefit is made, when a child might go into the care of a local authority, or when immigration controls are lifted, need only be satisfied by 1st November 2010. If these Regulations are only approved after the summer recess, these dates are postponed.

1st November 2010: 3 month "buffer period" (explained in the previous paragraph) ends.

5th April 2011: when the annual payments to Child Trust Funds of disabled children cease.

Regulation 1 provides for citation, commencement and effect and regulations 2 to 5 for the amendments to the principal Regulations.

Regulation 3 amends the amount of birth payments. Paragraph (4) amends the amount of the initial contribution (through the Child Benefit route) to £50, and the amount of the special contribution (through the "looked after child" route) to £100. Paragraph (6) amends the amount of the extra supplementary contribution (to children of lower income families) to £50, with paragraph (8) amending the amount of similar payments made under Regulation 7(10) or (10A) of the principal Regulations.

Regulation 4 revokes regulation 7A of the principal Regulations so that no Age 7 payments will be made where a child attains the age of seven on or after 1st August 2010 (or, if these Regulations are approved after the summer recess, the day after the day the Regulations are made).

Regulation 5 amends regulation 7B of the principal Regulations (which provides for yearly government contributions into Child Trust Fund accounts of disabled or severely disabled children) so that these only apply where an entitlement to disability living allowance arises in the years of assessment 2009/2010 or 2010/2011.

A full and final Impact Assessment has not been provided for this instrument as it has a negligible impact on business and no impact on charities or voluntary bodies.

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